



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

7551 Metro Center Drive, Suite 100, Austin, Texas 78744-1645

(512) 804-4000 | F: (512) 804-4811 | (800) 252-7031 | TDI.texas.gov | @TexasTDI

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Baylor Orthopedic and Hospital

Respondent Name

Travelers Indemnity Co

MFDR Tracking Number

M4-17-1557-01

Carrier's Austin Representative

Box Number 05

MFDR Date Received

January 25, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "We are requesting 130% of the Medicare allowable with implant reimbursement."

Amount in Dispute: \$2,269.52

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The Provider contends they are entitled to additional reimbursement for the disputed services. The Carrier has reviewed the documentation and determined the Provider has been appropriately reimbursed the Outpatient Hospital Fee Schedule. The Carrier believes no additional reimbursement is due."

Response Submitted by: Travelers

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
February 05, 2016	Outpatient Hospital Services	\$2,269.52	\$0.00

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403 sets out the acute care hospital fee guideline for outpatient services.

3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - 97 – Payment adjusted because the benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated
 - 16 – Claim/service lacks information which is needed for adjudication, additional information is supplied using remittance advice remarks codes whenever appropriate
 - P12 – Workers Compensation Jurisdictional fee schedule adjustment

Issues

1. Are the disputed services subject to a contractual agreement between the parties to this dispute?
2. What is the applicable rule for determining reimbursement for the disputed services?
3. What is the recommended payment amount for the services in dispute?
4. What is the additional recommended payment for the implantable items in dispute?
5. Is the requestor entitled to additional reimbursement?

Findings

1. Review of the submitted documentation finds no information to support that the disputed services are subject to a contractual agreement between the parties to this dispute.
2. This dispute relates to outpatient hospital facility services with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables was requested. Therefore, per §134.403(f)(1)(B), the facility specific reimbursement amount including outlier payments is multiplied by 130 percent. Per §134.403(f)(2), when calculating outlier payment amounts, the facility's total billed charges shall be reduced by the facility's billed charges for any item reimbursed separately under §134.403(g). The facility's total billed charges for the separately reimbursed implantable items are \$5,639.29. Accordingly, the facility's total billed charges shall be reduced by this amount when calculating any outlier payments below.
3. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published quarterly in the OPPS final rules, which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
 - Procedure code 29888 has status indicator J1 denoting packaged services paid at a comprehensive APC rate. All covered services on the bill are packaged with the primary "J1" procedure (except those with status indicator F, G, H, L or U; certain inpatient and preventive services; ambulance and mammography). This is classified under APC 5124, which, per OPPS Addendum A, has a payment rate of \$7,064.07. This amount multiplied by 60% yields an unadjusted labor-related amount of \$4,238.44. This amount multiplied by the facility's annual wage index of 0.9579 yields an adjusted labor-related amount of \$4,060.00. The non-labor related portion is 40% of the APC rate or \$2,825.63. The sum of the labor and non-labor related amounts is \$6,885.63. Per 42 Code of Federal Regulations §419.43(d) and Medicare Claims Processing Manual, CMS Publication 100-04, Chapter 4, §10.7.1, if the total cost for a service exceeds 1.75 times the OPPS payment and also exceeds the annual fixed-dollar threshold of \$3,250, the outlier payment is 50% of the amount by

which the cost exceeds 1.75 times the OPPS payment. Per the OPPS Facility-Specific Impacts file, CMS lists the cost-to-charge ratio for this provider as 0.173. This ratio multiplied by the billed charge of \$12,577.00 yields a cost of \$2,175.82. The total cost of all packaged items is allocated proportionately across all separately paid OPPS services based on the percentage of the total APC payment. The APC payment for these services of \$6,885.63 divided by the sum of all APC payments is 100.00%. The sum of all packaged costs is \$1,075.79. The allocated portion of packaged costs is \$1,075.79. This amount added to the service cost yields a total cost of \$3,251.61. The cost of these services exceeds the annual fixed-dollar threshold of \$3,250. The amount by which the cost exceeds 1.75 times the OPPS payment is \$0.00. The Medicare facility specific reimbursement for this line is \$6,885.63. This amount multiplied by 130% yields a MAR of \$8,951.32.

- Per Medicare policy, procedure code 64447 may not be reported with procedure code n billed on the same claim. Reimbursement for this service is included in the payment for the primary procedure. Separate payment is not recommended.
 - Procedure code J0690 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J1100 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J1885 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J2250 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J2405 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J2765 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J2795 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J3010 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
 - Procedure code J3010 has status indicator N denoting packaged codes with no separate payment — these items are integral to the total service package; reimbursement is included in the payment for the primary services.
4. Per §134.403(f)(2), when calculating outlier payment amounts, the facility's total billed charges shall be reduced by the facility's billed charges for any item reimbursed separately under §134.403(g). The facility's total billed charges for the separately reimbursed implantable items are \$5,639.29. Accordingly, the facility's total billed charges shall be reduced by this amount for the purpose of calculating any outlier payments below
- Allograft Tibialis Anter" as identified in the itemized statement and labeled on the invoice as "Tibialis Anterior FZ" with a cost per unit of \$2,202.00;
 - "implant Tibl 10 mm x 30 mm" as identified in the itemized statement and labeled on the invoice as "AperFix Cnnulated Tibial 10mmx30mm" with a cost per unit of \$395.29;
 - "Implant Femoral 10mm x 2" as identified in the itemized statement and labeled on the invoice as "AperFix Femoral Implant 10mmx29mm" with a cost per unit of \$815.29.

The total net invoice amount (exclusive of rebates and discounts) is \$3,412.58. The total add-on amount of 10% or \$1,000 per billed item add-on, whichever is less, but not to exceed \$2,000 in add-on's per admission is \$341.26. The total recommended reimbursement amount for the implantable items is \$3,753.84.

5. The total allowable reimbursement for the services in dispute is \$12,705.16. This amount less the total paid by the insurance carrier of \$12,805.12 leaves an amount due to the requestor of \$0.00. No additional reimbursement can be recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has not established that additional reimbursement is due. As a result, the amount ordered is \$0.00.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code §413.031, the Division has determined that the requestor is entitled to \$0.00 reimbursement for the disputed services.

Authorized Signature

_____	_____	2/23/2017
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.